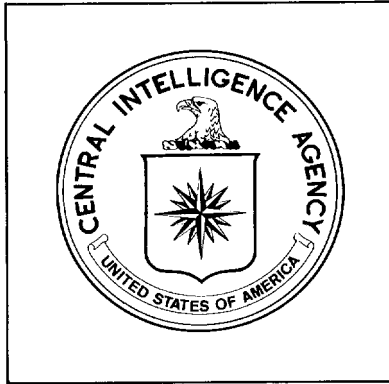


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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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NATO Members Opposed to Formal Closer
Ties With Spain

Most NATO members remain opposed to establishing closer formal ties between the Alliance and Spain. | 1, 3

On April 10, several NATO permanent representatives indicated that major political changes will have to occur in Spain before their governments will stop opposing Spanish membership in or association with NATO. The British, Dutch, Norwegians, and Danes are strongly opposed to a Spanish connection. The Scandinavians, long the most obstinate opponents of Spanish membership or association, did not attend the meeting. | 1, 3

Spanish Foreign Minister Cortina recently told West German Foreign Minister Genscher that while Spain did not intend to apply for membership in NATO, it did wish to cooperate with the Alliance and to obtain some sort of security guarantee. | 2

The Spaniards desire an explicit, publicly-acknowledged relationship with NATO that could be exploited politically. The Thursday meeting of NATO ambassadors indicated, however, that the present Alliance members will have trouble agreeing to even private, informal NATO ties with Spain. (Secret No Foreign Dissem) | 1, 3

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Icelandic Foreign Minister's Visit to the
Soviet Union

Icelandic Foreign Minister Agustsson's visit to the Soviet Union from April 1-9 was largely ceremonial. The two countries did not come to grips with the thorniest problem facing them--the trade imbalance caused by the skyrocketing price of oil.

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Iceland imports 80 percent of its oil from the Soviet Union. The quadrupling of the price of oil over the last two years has produced a large Icelandic deficit, despite an increase in the price of Icelandic products sold to the USSR. The visit produced an understanding that the two countries will abandon their traditional barter arrangement, which will result in Iceland paying more hard currency for Soviet oil. In return, the Soviet will buy more Icelandic fish, according to an Icelandic official, but probably not enough to balance Icelandic oil purchases.

The bulk of the visit was devoted to expressions of support for detente, the Vienna force-reduction talks, the UN, and an early conclusion to the European security conference. The Soviets, who have been pressing for an agreement on cooperation in fisheries research for the last year, were able to obtain only a vague response alluding to possible cooperation in the future. A five-year cultural exchange was the only formal agreement signed.

Problems created by the oil squeeze may be further aggravated when Reykjavik and Moscow work out the details in negotiations on a new five year trade agreement in June or July. In the meantime, cries that the Soviets are using trade as political blackmail, and demands that Iceland begin looking for a new oil supplier will probably continue. (Confidential No Foreign Dissem)

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Italian Socialists Divided Over Alliance with
Communists in Genoa

The recent decision of the Socialist Party organization in Genoa to form a municipal government with the local Communists has accentuated differences among the Socialist Party's national leaders.

The Socialist Party, like the dominant Christian Democratic Party, is characterized by factions based on strategic differences and personal rivalries. About 70 percent of the party agrees with Socialist chief De Martino's current line. De Martino hopes to use any Socialist gains in the June 15 nationwide local elections as leverage to secure a larger role for his party at the national level in another center-left coalition with the Christian Democrats. In addition, De Martino has dropped his earlier support for a consultative link between the government and the Communists.

Most left-wing Socialists--about 30 percent of the party--are going along with De Martino for tactical reasons, but they are not very enthusiastic about his approach. In general, the Socialist left puts more emphasis than De Martino on maintaining close ties with the Communists. When the party has a choice, as it did in Genoa, these Socialists are less hesitant about opting for a governmental alliance with the Communists.

Until the Genoa affair, the Socialists had managed to paper over these differences in the interest of pre-electoral unity. Genoa, however, brought the disagreement back into the open.

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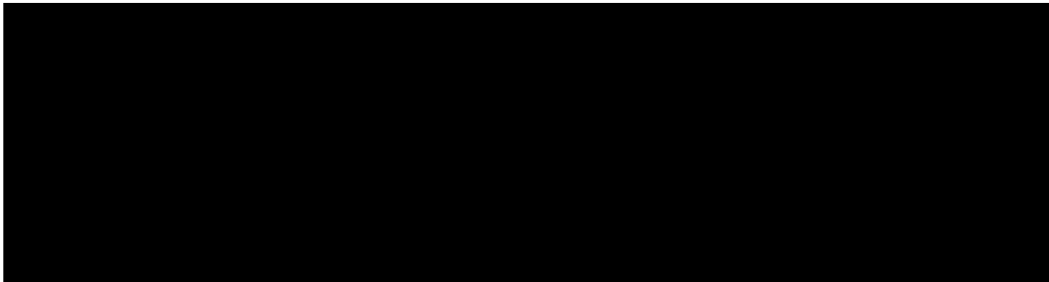
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While an embarrassed De Martino downplayed the significance of the Socialist-Communist alliance there, his main rival for control of the party--left-wing Socialist leader Mancini--publicly congratulated the Genoese party officials and wished them well. In a meeting of the Socialist central committee this week, Mancini's group abstained in a vote on the De Martino line.

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2
The Socialists' public feud over the Genoa situation plays into the hands of their rivals for influence in the center-left coalition, such as the Social Democrats, who have long maintained that the Socialists give only half-hearted support to the center-left formula.

In addition, Socialist internal differences on relations with the Communists could complicate their efforts to exploit the gains they expect in the local elections. If they do well in June, the Socialists will be faced in other localities with a choice between the Communists and Christian Democrats--a development that could trigger a divisive debate in Socialist ranks. (Confidential)

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Portuguese Parties Agree to Extension of
Military Rule

Portugal's major political parties today signed the draft constitution presented to them by the ruling Armed Forces Movement, formally giving up the opportunity for civilian control of the government for at least three years.

Only six of the twelve parties that are allowed to participate in the April 25 election for a constituent assembly approved the document. President Costa Gomes acknowledged that the Movement's platform was not enthusiastically endorsed by all, saying "no act in history has ever been totally above criticism." Although Information Minister Jesuino has said no action will be taken against parties refusing to agree to the Movement's plan, some politicians fear the dissenting parties--five on the extreme left and the moderate Monarchists--will be declared illegal.

The final version of the Movement's platform, presented to the parties last Wednesday, included only a few minor changes based on suggestions made by the moderate parties last week.

The signing of the pact means that the April 25 election will have no bearing on the tenor of the new constitution to be approved by the assembly. However, the elections will be an important indication of the political sympathies of the Portuguese people.

The Popular Democrats and the Socialists hope their showing in the election will influence the Movement to look upon them more favorably and to turn away from the Communists. Three embassy sources have reported, however, that enemies of

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3 | the moderate parties may move to prevent them
from collecting a large portion of the vote.
They indicate that the committee of inquiry into
the March 11 coup may implicate these parties in
their preliminary conclusions which will probably
be published a few days before the election. The
sources believe that even unsupported charges
would hurt the two parties at the polls.

4 | The moderate, non-communist parties expect
to receive a boost from the Church. The Church's
official position has been that it will not sup-
port any political party, but it does plan to
issue a pastoral letter within the next few days
telling the people that voting is a Christian as
well as a civic duty. Parish priests will urge
their parishioners to vote for parties espousing
Christian values, which will amount to discreet
support of the moderate parties. (Confidential)

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